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Message Text

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PAGE 01 TOKYO 16733 110314Z

14
ACTION EA-09

INFO OCT-01 ISO-00 FEA-01 ERDA-07 AID-05 CEA-01 CIAE-00

CIEP-02 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-15

SAM-01 OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-10 PA-02

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TO SECSTATE WASHDC 3497

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DEPT PASS ALL IEA CAPITALS

E.O. 11652: N/A
TAGS: ENRG, OPEC,JA
SUBJECT: OPEC: OIL PRICE INCREASE: UAE MINISTER SAYS 10 PERCENT IS MAXIMUM

1. UAE PETROLEUM MINISTER MANI' SAID AL-OTAIBA TOLD A PRESS CONFERENCE IN TOKYO ON TUESDAY NOVEMBER 9 THAT HIS GOVERNMENT WOULD NOT SUPPORT AN INCREASE OF OVER 10 PERCENT IN THE PRICE OF OIL AT THE NEXT OPEC MEETING. THE MINISTER IS IN TOKYO TO ATTEND A TWO DAY SEMINAR ON THE OIL SITUATION WITH REPRESENTATIVES OF OTHER OAPEC GOVERNMENTS AND WITH KEIDANREN, THE PRIVATE JAPANESE BUSINESS ASSOCIATION. THE FOLLOWING IS AN EMBASSY TRNSLATION OF Q'S AND A'S ON THE PRICE ISSUE, AS THEY WERE REPORTED IN THE VERNACULAR TRADE PAPER NIHON KOGYO.

2. Q. WHAT ARE PROSPECTS FOR AN INCREASE IN THE PRICE OF OIL AT THE DECEMBER MEETING?

UNCLASSIFIED

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PAGE 02 TOKYO 16733 110314Z

A. THE PRICE OF CRUDE OIL HAS BEEN FROZEN FOR

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

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THE PAST 15 MONTH. DURING THAT PERIOD, PRICES OF INDUSTRIAL GOODS AND AGRICULTURAL PRODUCTS IMPORTED FROM TE ADVANCED COUNTRIES HAVE RISEN, THUS THEY EXPORTED THEIR INFLATION. AS A CONSEQUENCE, THE PURCHASING POWER OF OUR REVENUES FROM OIL HAVE DECLINED BY 25 PERCENT. WE EXPECTED THE ADVANCED COUNTRIES TO CONTROL THE PRICES OF INDUSTRIAL GOODS, AND TO SOME EXTENT THEY WERE SUCCESSFUL IN HOLDING DOWN THE RATE OF INFLATION. NEVERTHELESS,OIL PRODUCING COUNTRIES SHOULD GET SOME COMPENSATION, AT LEAST A FEW PERCENTAGE POINTS INCREASE. HOWEVE, THE UAE IS NOT IN FAVOR OF A LARGE PRICE INCREASE. SINCE ANY INCREASE WILL AFFECT ALL COUNTRIES IN THE WORLD, WE MUST BE RESPONSIBLE FOR OUR ACTION. MY GOVERNMENT WILL NOT SUPPORT ANY INCREASE OVER 10 PERCENT, THAT IS, 10 PERCENT IS THE MAXIMUM, AT THE DECEMBER OPEC MEETING.

Q. IT IS POSSIBLE THAT OPEC WILL DECIDE ON AN INCREASE OF LESS THAN 10 PERCENT?

A. 10 PERCENT OR LESS IS THE FIGURE THAT MY GOVERNMENT BELIEVES IS ADEQUATE. BUT NO MINISTER OF ANY OF THE OPEC COUNTRIES CAN SPEAK FOR OPEC AS A WHOLE, OR FOR ANY OF THE OTHER MEMBERS OF OPEC ON PRICE ISSUES.

3. STATEMENT ON PRICE INCREASE ALSO SUMMARIZED IN ENGLISH LANGUAGE PRESS.
HODGSON

NOTE BY OC/T: NOT PASSED IEA CAPITALS.

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